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SOURCE Wen-hui Pao.

KUANG-CHOU OFFICIAL CLARIFIES EXPORT PROCEDURES

The Trade Department of the Kuang-chou Economic Takeover Committee held a meeting of exporters on 29 December 1949 to discuss and clarify problems which have arisen in the enforcement of the foreign trade regulations promulgated by the South China District. The meeting, attended by 30 export merchants, was held in the Shang-hai Commercial Savings Bank Building in Kuang-chou and was presided over by Wang Tou-kuang (Code: 7262, 4339, 567) and Sun Ju (2282, 2294), deputy chiefs of the Trade Department.

As outlined by the merchants, the main obstructions to export expansion involved the securing of exchange credits, methods of registering importers and exporters, the question of profits, and comparative treatment of public and private trade enterprises. It was felt that many problems were the result of past KMT mismanagement, failure to explain adequately the policies and regulations of the new government, and unfamiliarity of government agencies with their duties.

Clarification of some of the issues raised was undertaken by Wang Tou-kuang. His explanation follows:

Exchange Credits and Profits

In contrast with KMT confiscatory policies, the CCP authorities guarantee the export merchant a fair profit. Foreign exchange deposit certificates, obtained by clearing foreign credits established through export, may be sold at the Foreign Exchange Center within 40 days, but instead of being purchased in accordance with daily official quotations, the price paid will depend on the prevailing market rate, established freely by supply and demand. For example, if an exporter establishes a credit in Hong Kong currency, anyone willing to pay his price in jen-min-p'iao may purchase his deposit certificate. At the same time, to ensure a profit to the exporter, it will be the duty of the banks and trading corporations to keep the market price of foreign currencies from falling to an excessive low. The 40-day limitation on exchanging foreign credits is also reasonable, for a longer period would serve to retard the flow of imports and exports.

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In the course of transacting business abroad, it is of course necessary to provide a certain amount of foreign currency to defray expenses, and it is therefore permissible to deduct this amount in foreign credit when surrendering foreign credits for deposit certificates. Domestic communications and transportation charges, however, are payable in jen-min-p'iao and may not be deducted.

In estimating the amount of foreign credit available for clearing, the present practice is generally also to discount 15 to 20 percent. There are some cases, however, in which a different percentage is discounted in the interests of maintaining a firm price on the world market.

In the matter of guarantees, bank requirements are currently somewhat high, but in the future, as the export trade becomes more normal, the requirements will of course gradually be lowered. In addition, the banks are now preparing to handle bills of exchange.

It is hoped that the new regulations will not be viewed in the same light as the old KMT measures. It is also hoped that all merchants will protect their own currency, the jen-min-p'iao, and eradicate the slave-like concept of the superiority of Hong Kong currency.

Registration Problems

Government policy seems inconsistent to some merchants, since it is designed to expand exports, yet at the same time requires burdensome registration and export petition procedures. These measures have been taken in the interests of organizing all export merchants, facilitating aid to the merchants, and preventing the development of corrupt practices. When the export situation has been completely clarified, the government's export-expansion plan may be thoroughly implemented. It is also hoped that within a short period, the mechanics of the procedure will be improved, and merchants may complete the petition process in one day.

Barter System

Some merchants claim that the barter system is very convenient, but actually its aftereffects are not very beneficial. Using this system, merchants wishing to import first have had to resort to irregular practices to obtain export goods; this results in a lower quality of export goods, which affects commercial credit. The competitive purchasing of export goods also drives domestic prices higher than prices abroad. Still more important, the government has no way in which to regulate the exports. In order to maintain order in exporting and provide control over foreign trade, the CCP has rejected the barter system in favor of issuing foreign exchange deposit certificates after clearing foreign credits obtained by exporters.

Division of Foreign Trade Between Public and Private Enterprises

The government has been asked to demarcate clearly trade goods for public and private enterprises, so that merchants may conduct their operations without hindrance. An attempt was made in this direction by dividing import-export goods into two categories. Of these, the special license category basically was intended to be within the jurisdiction of public enterprises and the approved license category within the jurisdiction of private enterprises, but at times the private enterprises can also be provided special licenses by the government. This division was designed to provide guidance in foreign trade, in which planned export may be managed by state trade corporations. In this way domestic production can be protected.

It is hoped that within a short period all problems will be solved and the interests of legitimate export merchants will be protected. In this regard, merchants should cooperate with the government in uncovering and eliminating all smugglers and violators of the trade regulation. The names of those who disclose smugglers will be kept confidential, and they will receive 20 percent of the value of all goods confiscated from smugglers by the government.

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